

AMENDED IN ASSEMBLY MARCH 23, 2009

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

**ASSEMBLY BILL**

**No. 879**

---

**Introduced by Assembly Member Hernandez**

February 26, 2009

---

~~An act to amend Section 11750 of the Insurance Code, relating to workers' compensation insurance. An act to add Section 3702.11 to the Labor Code, relating to workers' compensation.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 879, as amended, Hernandez. Workers' compensation: ~~pure premium rate~~ self-insurers: financial audits.

*Existing law establishes a workers' compensation system, administered by the Administrative Director of the Division of Workers' Compensation, to compensate an employee for injuries sustained in the course of his or her employment.*

*Existing law requires the administrative director to conduct audits of insurers, self-insured employers, and 3rd-party administrators to ensure that injured workers are promptly and accurately receiving the full measure of compensation they are entitled to receive.*

*This bill would require a group self-insurer to annually file with the director an audited financial statement and an actuarial analysis of its historical loss development, as prescribed. The bill would require that the audited financial statement and actuarial analysis be made available to the public, as prescribed.*

~~Existing law requires the Insurance Commissioner to hold a public hearing within 60 days of receiving an advisory pure premium rate filing. Under existing law, the commissioner must approve, disapprove, or modify the proposed rate within 30 days of the conclusion of the~~

~~proposed hearing. Existing law does not set a time limit for the time between the initiation and conclusion of the public hearing.~~

~~This bill would require the commissioner to initiate and conclude a hearing and issue a final decision regarding the proposed rate within 90 days.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 3702.11 is added to the Labor Code, to  
2     read:

3     3702.11. (a) A group self-insurer shall annually file both of  
4     the following with the director, in the form prescribed by the  
5     director:

6     (1) An audited financial statement prepared by an independent,  
7     certified public accountant.

8     (2) An actuarial analysis, by program year, done of the group  
9     self-insurer's historical claim loss development, performed by an  
10    independent actuary who is an associate or a fellow of the Casualty  
11    Actuary Society or a member of the American Academy of  
12    Actuaries.

13    (b) The audited financial statement and actuarial analysis shall  
14    be made available to the public, except that no individually  
15    identifiable claimant or individual member financial information  
16    shall be made public.

17    SECTION 1. ~~Section 11750 of the Insurance Code is amended~~  
18    to read:

19    11750. (a) ~~The purpose of this article is to promote the public~~  
20    ~~welfare by regulating concert of action between insurers in~~  
21    ~~collecting and tabulating rating information and other data that~~  
22    ~~may be helpful in the making of adequate pure premium rates for~~  
23    ~~workers' compensation insurance and for employers liability~~  
24    ~~insurance incidental thereto and written in connection therewith~~  
25    ~~for all admitted insurers and in submitting them to the~~  
26    ~~commissioner for approval; to authorize and regulate the existence~~  
27    ~~and cooperation of qualified rating organizations to one of which~~  
28    ~~each workers' compensation insurer shall belong; to authorize and~~  
29    ~~regulate cooperation between insurers, rating organizations and~~  
30    ~~advisory organizations in ratemaking and other related matters to~~

1 the end that the purposes of this chapter may be complied with  
2 and carried into effect.  
3 (b) Notwithstanding any other provision of law, within 90 days  
4 of receiving an advisory pure premium rate filing made pursuant  
5 to subdivision (b) of Section 11750.3, the Insurance Commissioner  
6 shall hold a public hearing and issue a final decision approving,  
7 disapproving, or modifying the proposed rate.

O